

CPD Media Briefing on

Bali Outcome of the WTO
What it Means for Bangladesh

Presented by

Dr Fahmida Khatun

Research Director, CPD

9 December 2013



CENTRE FOR POLICY DIALOGUE (CPD)
B A N G L A D E S H

a civil society think tank





Contributors

Team Members

Professor Mustafizur Rahman, Executive Director, CPD

Dr Fahmida Khatun, Research Director, CPD

Muhammad Al Amin, Senior Research Associate, CPD

Nusrat Jahan, Senior Research Associate, CPD

With suggestions from Dr Debapriya Bhattacharya, Distinguished
Fellow, CPD



CPD Delegation in Bali

CPD Delegation's Activities During Bali MC9, 3-6 December 2013





CPD Delegation Participation as Panellists

- CPD organised a dialogue on “Integrating Trade Issues in Post-2015 International Development Framework: Ongoing Debates and Potential Opportunities,” on 5 December 2013.
 - The dialogue was organised in partnership with
 - some leading global think tanks including International Centre for Trade and Sustainable Development (ICTSD), The Commonwealth, South Asia Watch on Trade, Economics and Environment (SAWTEE), Southern Voice on Post-MDG International Development Goals and LDC IV Monitor.
 - Chaired by Dr Debapriya Bhattacharya,
 - the session was addressed by leading scholars and trade experts who spoke on the best ways to embed trade issues in the post-MDG development discourse.
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CPD Delegation Participation as Panellists

- } **Professor Mustafizur Rahman, Executive Director, CPD participated at the UNCTAD-Commonwealth Discussion Session titled “Reflection on Global Trade: From Doha to Bali Ministerial Conference and Beyond” on 3 December 2013.**

 - } **Dr Debapriya Bhattacharya, Distinguished Fellow and Dr Fahmida Khatun, Research Director, CPD addressed a Consultation Meeting for the European Report on Development (ERD) 2014 on “Financing and Other Means of Implementation in the Post-2015 Context,” as part of the Bali TDS.**
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CPD Delegation Participation as Panellists

- } Dr Debapriya Bhattacharya addressed “Reviving Multilateral Trade Cooperation”, organised by Robert Schuman Centre for Advanced Studies, European University Institute, on 4 December 2013.

- } Dr Debapriya Bhattacharya addressed “The Way Forward After Bali: Challenges and Opportunities for LDCs” organised by IDEAS Centre, on 5 December 2013.



Outcome of Bali Ministerial

§ The Ninth WTO Ministerial Conference was held in Bali in the backdrop of uncertainties as regards the prospect of arriving any deal.

§ The Bali Ministerial proceeded with a small package of issues pulled from the broader Doha agenda that included: Market access; Tariff reduction in agriculture & manufactured goods; Rules of origin; Trade in services; Trade Related Intellectual Properties (TRIPS); Special & differential treatment

§ However, in view of the differences among Member countries on the Doha agenda a less ambitious package was dealt with in Bali. This included three areas based on negotiations in Geneva:

- ü Trade Facilitation
- ü Agriculture and Cotton
- ü Development and LDC Issues



Outcome of Bali Ministerial

- § The Bali declaration includes agreements that the Members have reached as regards these three issues.
- § The package also adopted some decisions on regular work. These are: TRIPS non-violation and situation complaints; Work Programme on Electronic Commerce; Work Programme on Small Economies; Aid for Trade (AfT); Trade and Transfer of Technology.



Bali Outcome and Implications for Bangladesh

In the following sections we present the major decisions in Bali as regards the three aforesaid areas and provide our assessment as to what these decisions mean for Bangladesh.





Development and LDC Issues

Development and LDC Issues

(1) DF-QF market access: The MC9 outcome document stated that developed country Members that do not yet provide DF-QF market access for at least 97% of products originating from LDCs, defined at the tariff level, shall seek to improve their existing DF-QF coverage for such products, so as to provide increasingly greater market access to LDCs, prior to MC10.

Developing countries, declaring themselves in a position to do so shall seek to provide DF-QF market access for products originating from LDCs.

Members shall notify DF-QF schemes for LDCs.

The CTD shall continue to annually review the steps taken to provide DF-QF market access to LDCs and report to the general Council for appropriate action.

Implications for Bangladesh

Ø DF-QF is very important for Bangladesh. However, there is no specific timeframe and legally binding commitments.

Ø Unless the obligation is legally binding with concrete time frame Bangladesh will not receive any additional benefit as its major export item RMG is on the '3 percent exclusion list' of the USA.



Development and LDC Issues

Development and LDC Issues

(2) Preferential Rules of Origin: The MC9 has asked that RoO for implementing the DF-QF decision be made in a manner that enables LDCs' market access to be realised in a meaningful way.

Implications for Bangladesh

- Ø In order to make preferential RoO LDC friendly, the domestic value addition requirement criteria, should be defined in a manner that takes cognisance of domestic supply-side and productive capacities of the LDCs and are easy to comply with.
- Ø *CPD proposed* that the rules of origin as defined under the Canadian Generalised System of Preference scheme – a 25 percent local value addition requirement- could serve as a simple, general criterion that improves market access fro LDCs.



Development and LDC Issues

Development and LDC Issues

(3) Operationalisation of the Services waiver: The MC9 outcome document stated that a high level meeting will be organised in 2014 to deal with operationalisation of the 'Services waiver' for LDCs, which will allow for preferential market access to LDC services and service suppliers in the developed country markets.

Implications for Bangladesh

- Ø Mode 4 – 'temporary movement of natural persons' is an area of interest for Bangladesh.
- Ø A good opportunity for Bangladesh to increase her export of semi-skilled and skilled manpower related to in the garments sector, construction sector, BPO, care industry and education sector.
- Ø Bangladesh needs to identify its sectors and modes for potential exports and present it at the proposed 'High Level Meeting' in 2014.
- Ø Non-tariff barriers such as economic needs tests should be eliminated.
- Ø Bangladesh needs financial and technical support to strengthen its domestic support capacities to take advantage of the granted preference.



Development and LDC Issues

Development and LDC Issues

(4) Special and Differential Treatment: The MC9 states that the monitoring mechanism shall review all aspects of implementation of S&D provisions with a view to facilitating integration of developing and least developed Members into the multilateral trading system.

Implications for Bangladesh

- § Such mechanism will provide opportunities for Bangladesh to raise issues and flag difficulties faced in implementing S&DT provisions.
- § Provisions have to be made legally binding rather instead of “best endeavor” nature.



Trade Facilitation

Trade Facilitation

This was the centre piece of the Bali package. Trade Facilitation is recognized as the 'biggest reform' after the establishment of WTO in 1995.

Goal: Simplify the customs procedure by reducing costs and improving speed and efficiency in order to boosting commerce.

Objectives :

- i. speed up customs procedures
- ii. make trade easier, faster and cheaper
- iii. provide clarity, efficiency and transparency in customs procedures
- iv. reduce bureaucracy and corruption and
- v. use technological advances



Trade Facilitation

Trade Facilitation

- § The **Agreement on Trade Facilitation** includes **13 articles** which covers a wide range of issues such as testing procedure at border points, expedited shipments, border agency cooperation, single window, pre-shipment inspection, common border procedures and uniform documentation requirements etc.
- § A Committee on Trade Facilitation was established during the MC9
- § **Each Member** shall **establish** and/or maintain a **national committee on trade facilitation** or designate an existing mechanism to facilitate both domestic coordination and implementation of provisions of this Agreement.



Trade Facilitation

Trade Facilitation

S&D Provisions for Developing Country Members & LDCs

- § Assistance and support for capacity building should be provided to help developing and LDCs Members to implement the provisions of TF agreement.
- § Developing and LDCs Members will get waiver in implementing the provision(s) of TF agreement until they acquire implementation capacity.
- § LDC Members will only be required to undertake commitments to the extent consistent with their individual development, financial and trade needs or their administrative and institutional capabilities.



Trade Facilitation

S&D Provisions for Developing Country Members & LDCs

- § Targeted assistance and support should be provided to the LDCs Members either bilaterally or through the appropriate international organizations

- § Developing countries Members are encouraged to provide capacity building assistance to other developing countries and LDCs.



Trade Facilitation

Implications for Bangladesh

- § TF is important for Bangladesh. Implementation of the TF measures will help reduce cost of trading in Bangladesh. However, Bangladesh will need both technical and financial support towards this.
- § LDCs have been asked to identify where they need the support. Bangladesh will need to do the needful towards this.
- § Bangladesh has to make infrastructural development and practice modern customs systems and behavior in order to access the full merit of Bali outcome on trade facilitation



Agriculture and Cotton

Agriculture and Cotton

Public Stockholding for Food Security

Shielding public stockholding programme from commitments made in the Agreement on Agriculture is the main focus

MC9 decided that *the developing countries would not be challenged legally even though a country's limits of the trade distorting domestic support were violated*

However,

- ü the proposed solution is interim until they reached for a permanent one
- ü the members are committed to set up a work programme to find a permanent negotiation outcome within 4 years period that is no later than 11th Ministerial Conference.



Agriculture and Cotton

Agriculture and Cotton

Tariff Rate Quota (TRQ) Administration for Agricultural Products

Developing countries demanded that developed countries should make it easier for farm exporters to access their markets in cases where import quotas are persistently not filled.

§ At the MC9 Members have agreed on a combination of consultation and providing information if the quotas are under-filled.



Agriculture and Cotton

Agriculture and Cotton

Export Competition

§ The MC9 outcome document reaffirmed commitments to the parallel elimination of all form of export subsidies and disciplines on all export measures with equivalent effect as set out in the 2005 Hong Kong Ministerial Declaration.

Cotton

Discussions shall consider all forms of export subsidies for cotton and all export measures with equivalent effect, domestic support for cotton and tariff measures and non-tariff measures applied to cotton exports from LDCs in markets of interest to them.



Agriculture and Cotton

Implications for Bangladesh

Shielding Public Stockholding Programme

- § More procurement by India could raise food prices regionally which could adversely affect Bangladeshi consumers.
- § High stock piles when needed may be dumped in the international market. This could have a dampening effect on global food prices. Food exporting countries may be out priced. But Bangladesh not being a net food importing country, may stand to gain from it.
- § Stockpiling of food could result in ban on export of food (rice) which may have adverse impact for Bangladesh during times of food crisis.

Cotton

If export subsidies on cotton is withdrawn as a cotton importing country, Bangladesh will have to import cotton at a higher price. This could increase the cost of production.



Other Issues

The Bali Ministerial also adopted **five decisions** under regular work. These are:

TRIPS non-violation and situation complaints – Members agreed on not to bring ‘non-violation’ issues in the WTO dispute settlement process.

Work Programme on Electronic Commerce – Members agreed for a full waiver on charging import duties on electronic transmission. It is recommended to continue discussion in work programme on electronic commerce in relation to commercial issues, development and new technology.



Other Issues

Work Programme on Small Economies- The MC9 adopted a decision to give special priorities issues related in small economies.

Aid for Trade (AfT)- The MC9 reaffirmed their commitment on AfT for developing countries, specially to LDCs. They also welcomed the progress in this context since it has been adopted in 2005 and gave authorization to Director-General to continue support for this purpose.

Trade and Transfer of Technology- The MC9 directed to continue examining the link between trade and transfer of technology and make possible recommendations in order to increase flows of technology to developing countries



CPD's Recommendations and Bali Outcome

Issues	CPD's Recommendation	Bali Outcome
Rules of Origin	ü Preferential rules of origin for the DF-QF initiative should be simple and easy to comply with by the LDCs	à Preferential rules of origin should be as transparent, simple and objective as possible
Trade Facilitation	ü Concrete commitments for technical & financial support ü LDCs should not be bound by any time period	à Advancement has made à Implementation of the provision(s) will not be required until implementation capacity has been acquired
S&D	ü Set up a monitoring mechanism towards regular reviews of S&D provisions in the WTO	à The MC9 agreed to formulate a monitoring mechanism for S&D



CPD's Recommendations and Bali Outcome

Issues	CPD's Recommendation	Bali Outcome
DF-QF	<ul style="list-style-type: none"> ü Implementation of the Hong Kong Ministerial Decision as regards DF-QF market access by taking cognisance of sensitivities of African LDCs, and a time-bound plan for inclusion of the items in the '3 per cent exclusion list' 	<ul style="list-style-type: none"> à No Significant achievement has been made
Agriculture	<ul style="list-style-type: none"> ü Set up a WTO Work Programme to look at LDCs food security issues in a comprehensive manner, and a commitment not to impose restrictions on exports to LDCs during periods of food crisis 	<ul style="list-style-type: none"> à No Significant achievement has been made
Services Waiver	<ul style="list-style-type: none"> ü Operationalise services waiver in a manner that enables LDCs to have commercially meaningful market access in services markets of developed countries, and convene the proposed High Level Meeting in early 2014. 	<ul style="list-style-type: none"> à With a view to accelerating the process of securing meaningful preferences for LDCs' services and service suppliers, the Council for Trade in Services shall convene a High-level meeting six months after the submission of an LDC collective request



Way Forward

- § In order to implement the Bali outcome, the DG has to prepare **a clearly defined work programme** within the next **12 months**.
- § In order to reaffirm the commitment for a rule-based, transparent, inclusive and development-friendly multilateral trading system, a **“Post Bali Roadmap”** will be prepared articulating the way issues of interest to LDCs will be solved.
- § Bangladesh needs to prepare in terms of identifying areas for technical and financial support to implement TF provisions. Bangladesh has to identify sectors and modes for export of services. Active participation in reviewing the functioning of the Monitoring mechanism under S&DT is also required.



Thank You!

